

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 FTC-01 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-05 CEA-01 L-03 DODE-00 PA-01 PRS-01 /085 W
-----072418 120906Z /15

R 111046Z NOV 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 1536
INFO AMEMBASSY ABU DHABI
AMEMBASSY DAMASCUS
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT

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E.O. 11652: NA
TAGS: EINV, EIND, EG
SUBJ: AMC JOINT VENTURE

REF (A) CAIRO 12639 (B) CAIRO 18518

1. SUMMARY. AMC REP HAS CONFIRMED SIGNING OF JOINT VENTURE AGREEMENT WITH ARAB INDUSTRIAL ORGANIZATION (AIO) FOR PLANT TO ASSEMBLE JEEPS (SEE REF B). GROUND HAS BEEN BROKEN FOR FACTORY, WHICH IS EXPECTED BEGIN PRODUCTION WITHIN APPROX ONE YEAR. BOYCOTT PROBLEMS OF AMC NOT YET RESOLVED. END SUMMARY

2. AMERICAN MOTORS (AMC) VP LAWRENCE HYDE CALLED DMC NOVEMBER 10 TO REVIEW STATUS OF JEEP ASSEMBLY PROJECT COMPANY IS UNDER-TAKING IN ASSOCIATION WITH ARAB INDUSTRIAL ORGANIZATION(AIO). HYDE CONFIRMED SIGNING OF AGREEMENT WITH AIO, AS REPORTED REF B. HYDE SAID GROUND FOR PLANT (WHICH IS TO BE LOCATED AT KILOMETER 17 ON DESERT ROAD TO SUEZ) HAD ALREADY BEEN BROKEN AND U.S. CON-LIMITED OFFICIAL USE

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STRUCTION FIRM WHICH HAS BEEN HIRED ANTICIPATES COMPLETION TIME OF ABOUT ONE YEAR.

3. ACCORDING HYDE, AIO WILL TAKE AD IN LOCAL PRESS WITHIN NEXT FEW DAYS TO ANNOUNCE ESTABLISHMENT OF JOINT VENTURE COMPANY. AD REPORTEDLY WILL STRESS "MILITARY" SIGNIFICANCE OF NEW VENTURE. HYDE SAID THIS IS MISLEADING, SINCE VEHICLES TO BE PRODUCED ARE

STANDARD CIVILIAN TYPE, BUT AIO APPARENTLY THINKS THAT THE REFERENCE WILL BE HELPFUL IN CONNECTION WITH COMPANY'S BOYCOTT PROBLEM.

4. AMC'S UNDERSTANDING WAS THAT PARTICIPATION IN PROJECT WOULD LEAD TO COMPANY'S REMOVAL FROM BOYCOTT LIST. (SEE CAIRO 10531.) THIS MATTER, HYDE SAID, HAS NOT YET BEEN RESOLVED, ALTHOUGH HE CLAIMED THAT EACH OF FOUR AIO MEMBER STATES HAS MADE REPRESENTATIONS TO CENTRAL BOYCOTT OFFICE ABOUT LIFTING SANCTIONS AGAINST COMPANY. EVEN WITHOUT CENTRAL OFFICE ACTION ON AMC, HYDE SAID, EACH MEMBER STATE WOULD OF COURSE ACCEPT VEHICLES PRODUCED BY THE JOINT VENTURE.

5. HYDE COMMENTED ALSO ON WHAT HE HAD HEARD ABOUT AIO PLANS FOR OTHER JOINT VENTURE PROJECTS. HE SAID ORGANIZATION IS NEAR AGREEMENT WITH BRITISH PARTNERS ON PRODUCTION OF WESTLAND HELICOPTERS AND "SWINGFIRE" MISSILES. ANNOUNCEMENT ON THESE PROJECTS MIGHT BE MADE AS EARLY AS END OF NOVEMBER. ARRANGEMENT TO PRODUCE MILITARY AIRCRAFT IN CONJUNCTION WITH FRENCH IS CONSIDERABLY FURTHER FROM REALIZATION. HE UNDERSTOOD THAT AIO DECISION ON SELECTION OF COMPANY TO JOIN IN PRODUCTION OF HEAVY MILITARY TRUCKS WOULD PROBABLY NOT BE MADE UNTIL NEXT SUMMER. HYDE SAID AMC HOPED BE CHOSEN FOR TRUCK PROJECT, BUT COMPETITION IS KEEN, WITH FIRMS FROM MORE THAN TWENTY COUNTRIES REPORTEDLY HAVING EXPRESSED INTEREST.

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6. COMMENT: WITH RESPECT TO BOYCOTT, AMC AGREEMENT CAN BE SEEN AS BREACH IN "WALL", ALTHOUGH A SMALL ONE. DESPITE NON-MILITARY NATURE OF ITEM (JEEPS) TO BE PRODUCED, STANDARD EXCEPTION FOR CASES INVOLVING MILITARY EQUIPMENT HAS APPARENTLY BEEN INVOKED IN CONNECTION WITH ESTABLISHMENT OF JOINT VENTURE AND ACCEPTANCE OF ITS PRODUCTS.
EILTS

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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Sent Date: 11-Nov-1977 12:00:00 am
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Disposition Approved on Date:
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Disposition Date: 22 May 2009
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